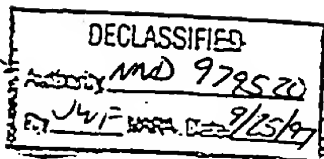


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MEMORANDUM OF CONVERSATION

DATE: Monday, October 20, 1975
10:00 a.m. - 11:40 a.m.

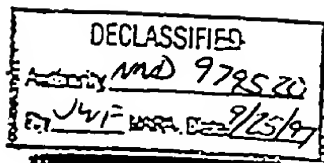
PLACE: Great Hall of the People
Peking, China

PARTICIPANTS: CHINA
Teng Hsiao-ping, Vice Premier of the State Council
Ch'iao Kuan-hua, Foreign Minister
Huang Chen, Chief, PRCLC, Washington, D. C.
Wang Hai-jung, Vice Foreign Minister
Lin P'ing, Director of American Oceanic Affairs, Foreign Ministry
T'ang Wen-sheng, Deputy Director of American Oceanic Affairs (translator)
Ting Yuan-hung, Director for U.S. Affairs, American and Oceanic Affairs, Foreign Ministry
Chao Chi-hua, Deputy Director for U.S. Affairs, American and Oceanic Affairs, Foreign Ministry
Shih Yen-hua, Translator
plus two notetakers

UNITED STATES
Secretary of State Henry A. Kissinger
Ambassador George H. Bush, Chief United States Liaison Office, Peking
Mr. Helmut Sonnenfeldt, Counselor of the Department
Mr. Philip C. Habib, Assistant Secretary of State, Bureau of East Asian and Pacific Affairs
Mr. Winston Lord, Director, Policy Planning Staff

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CLASSIFIED BY Henry A. Kissinger
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 5 b (3)
AUTOMATICALLY DECLASSIFIED ON Jan 16 1981



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Mr. William Gleysteen, Jr., Deputy
Assistant Secretary of State, Bureau
of East Asian and Pacific Affairs
Miss Karlene G. Knieps, Notetaker

TENG: Anyway, we welcome you on your eighth visit to Peking.

KISSINGER: This room is very familiar to me -- I have been here quite often.

TENG: It is almost a year, eleven months actually, since your last visit. It should be said that there have been quite a few changes in the world in these eleven months and therefore there is a need to exchange views on these changed circumstances.

KISSINGER: It is always useful for us to exchange views.

TENG: It doesn't matter even if we quarrel a bit.

KISSINGER: It gives the press something to write about.

TENG: Yes, and I believe they are immediately going to report that sentence.

KISSINGER: We should ask the Foreign Minister to fire the empty cannon; then they would have even more to report.

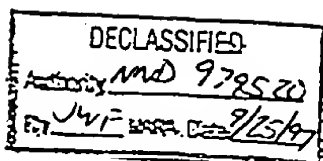
TENG: They are all men of letters and they have very deft hands.

Now, since the press have left, the Doctor is free to express his views.

KISSINGER: Now we can say what we really think of each other.

TENG: Yes.

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KISSINGER: How does the Vice Premier propose that we proceed?

TENG: What is your idea?

KISSINGER: We have a number of topics to discuss. As the Foreign Minister said yesterday, we have to prepare for the President's trip, and we should discuss that from the point of view of substance and procedure. With respect to substance, we would like to discuss both the public and the private aspect. That is, the sort of speeches that will be made and the sort of communique that will emerge. With respect to procedures, it is just a matter of where the President will go and what your proposals are. The second (topic) is a review of the world situation. The third is our bilateral topics.

And we would like with respect to the first topic to agree on an outline of a communique on this trip so that we avoid any possible misunderstandings during the President's trip.

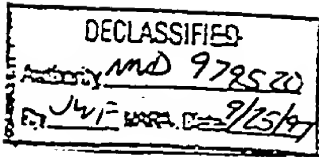
TENG: As for the question of the communique, I believe you said last night that you have prepared a draft you would like to show to us. We can ask that you and our Foreign Minister first discuss the particular details (of a draft communique).

As to the places the President would like to visit, since he has been here before, we would like to defer to his preferences. I believe that is easy.

As for what we will say to each other after he comes, we can say whatever we want to say to each other. For instance, I have said before this to visiting American friends that it will be all right if we have discussions; also all right if we do not. It will be all right if our minds meet, or if they do not. We will welcome him.

KISSINGER: There are two aspects to our discussions -- the public and the private. The private discussions should be a very frank review of the world situation and our bilateral relations. (In the case of the public discussions,) it would serve the interests of neither side if it would appear that we were quarreling. I think we should reserve that for the UN and not for a Presidential visit.

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TENG: There is still time for further discussions on that ... for further concrete discussions. I suppose you mean the communique?

KISSINGER: Quite frankly -- and we can discuss it more privately on some occasion -- I have in mind partly the communique and partly what our newspapers will be writing. What binds us together is our common concern about hegemonial aspirations. It is our hope that the visit will be properly understood by our public.

TENG: I believe we will touch upon such matters during our discussions here.

KISSINGER: At the end of this meeting perhaps we could leave five or ten minutes and I will give our communique draft to the Foreign Minister and I will explain what we are trying to do so that you can adjust it in the direction that is appropriate for you.

TENG: Alright.

KISSINGER: The present plan, if this is agreeable to you, would be for the President to arrive here Monday, December 1 in the afternoon. And then to leave the following Saturday afternoon. That would be the 6th.

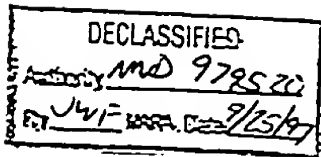
TENG: There is nothing inconvenient about the time with us.

KISSINGER: And he will not visit any other countries in Asia while he is on this trip. (Earlier) I indicated to the Chief of your Liaison Office, who, I understand speaks perfect English now, that we might visit Indonesia but we have found that the press of preparing the budget and the State of the Union Address and other matters require the President's return immediately via Hawaii.

For your information, we plan that the Vice President visit Asia in February or March instead of the President.

Would it be convenient for you if, assuming we agree on major things here, that we send a technical advance party here the first week of November for about

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a week? My paper here says the advance people would number 65 people, but that cannot be true. We will reduce the numbers, but at any rate we will need an advance party and we will agree on the numbers. That is ridiculous -- 65 people.

TENG: It is not a great matter. It will be alright if you send 100.

KISSINGER: The first time that I came here Prime Minister Chou En Lai asked me how many people would come with the President. I had no idea and I said maybe 50. I didn't realize that there were more than 50 security people alone. Eventually about 500 came, if I remember correctly.

We will, then, send the technical advance people the first week of November?

TENG: That is agreed upon.

KISSINGER: Alright. And we will be in touch with the Liaison Office about the precise times and numbers.

TENG: Fine.

KISSINGER: And we recommend that the television networks work out their own arrangements with you rather than through us, if that is agreeable to you.

TENG: I think that is alright.

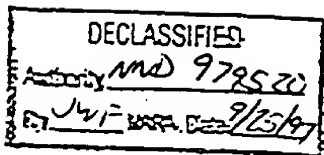
KISSINGER: They will also get in touch with the Liaison Office.

Shall we assume that the total numbers will be comparable to the Nixon visit on our side, including press?

TENG: I think that would be possible. A little bit more or less would not be of consequence to us.

KISSINGER: There is no need to arrange separate meetings for the Secretary of State on this trip. All right. Shall we discuss other matters now?

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TENG: Please.

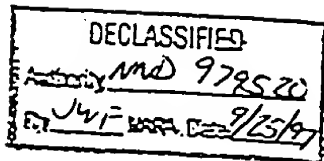
KISSINGER: Maybe a brief review of the international situation and the issues that we face?

TENG: Fine.

KISSINGER: We have never had any illusions about our differences. And in any event the Foreign Minister is always there to remind us of them. But we also believe that we were brought together by certain strategic necessities. And therefore to us our relationship is not that of two enemies using each other but of two countries having a similar problem and working on it cooperatively. The strategic necessity which we both face is that of the Soviet threat. I think it is important to understand that here we face three problems: one, the overall strategy; second, the tactics that we have to pursue; and third, our relationship as it relates to the overall international situation.

As far as our strategic assessment is concerned we believe that the Soviet Union is gaining in strength and that at some point it may be tempted to translate that strength into political adventures. We think it is gaining in strength, not as a result of detente policies, but as a result of the development of technology and the general state of the economy. Since the Soviet Union is both a European and an Asian country, it is important to prevent it from achieving hegemony in either place. And since we are the principal element of defense against the Soviet Union, we have to be strong in both places. As I have said to your Foreign Minister, I do not know which theory is correct -- whether they are feinting in the East to attack in the West or feinting in the West to attack in the East. I do not think it makes any difference, because if they attack in the West and succeed, the East will eventually face a much more massive force; and if they attack in the East, then the West will eventually face a much more massive force. So, as far as the United States is concerned, the problem is not significantly different. Our strategy is to attempt to maintain the world equilibrium to prevent attacks in either the West or the East.

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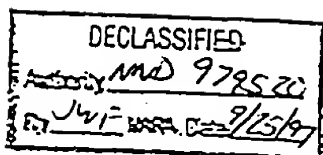
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This leads to the second question: the tactics to be pursued in carrying out the strategy. And here, there is obviously a difference between us, although some of it arises from the difference in our geographic situation and our domestic situation. You believe in taking a public posture of great intransigence, though you do not necessarily act, for a variety of reasons, in every part of the world. We believe in taking a more flexible posture publicly, but we resist in any part of the world towards where the Soviet Union stretches out its hands. Therefore, in the Middle East, in Angola, in Portugal and in other places we have been quite active in order to prevent Soviet expansion, even when we had to do it alone and even when we were criticized for doing it.

In order to pursue this policy after the domestic upheavals we have had in America as a result of Vietnam and Watergate, it is absolutely essential for us that we are in a public posture at home that we are being provoked rather than causing the tension. You have to understand that those in America who talk most toughly are most likely to produce a paralysis of action in the various places around the world where we are now acting. The very people who are attacking us, now and then, for detente -- I am speaking of Americans, I will speak of foreigners later -- are also telling us what is wrong in the Middle East is that we are not settling it cooperatively with the Soviet Union -- which has been our whole policy to avoid. You have seen enough of our people here so that you can form your own judgment. But if we had, for example, done what Mr. Vance and his crew recommended; namely, to renounce the first use of nuclear weapons, then the effect on our relative power rationale would lead to the Finlandization of Western Europe. But it cannot be, and we do not believe it can be in the interests of any country to allow the Soviet Union to believe we would accept a major strategic change -- whether it is in the East or the West -- concerning the use of nuclear weapons. It is in our interest to make the Soviet Union believe that we will not acquiesce in an overturning of the equilibrium no matter what weapons are involved. I cite this as an example of our position.

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These are tactics for the conduct of our strategy. You need have no concern that we are conducting detente with illusions; we are conducting it as the best method for resisting Soviet expansionism. And we are not prepared to pay any significant price for it. Our being in this position enables us to maintain high military budgets year after year and to act as a brake on our allies.

Let me in this connection talk about some of our allies. With respect to Western Europe we think there are contradictory trends. On the one hand, our relations with the principal Western European countries have greatly improved. We have very many leadership meetings now at the highest levels, including the President and the Foreign Minister, where we have intimate exchanges.

On the other hand, we believe that in many European countries there is a tendency to base foreign policy on illusions. In many of them there is the temptation to substitute goodwill for strength. And in some of them parties controlled by Moscow are strong enough to influence foreign policy, as in Italy and to some extent France.

We greatly welcome the many visits of European leaders to the People's Republic of China, and we appreciate your willingness to give them your perception of the international environment. We think, therefore, that the visit of the German Chancellor here next week can be of great significance. Our assessment is that within the Social Democratic Party he is by far the most realistic. And he is much less of a vague and sentimental mind than his predecessor. So, he would greatly benefit from your perceptions. It would strengthen him domestically and I think it would benefit the whole European situation, since he also has great influence with Giscard.

But, as I pointed out, in Europe we have the problem of perhaps especially optimistic assessments of foreign policy and we are also concerned with a leftist trend -- anti-defense rather than ideological -- which invites

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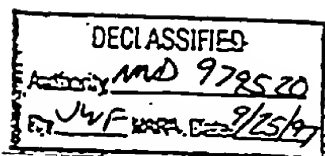
a weak defense posture. We have had difficulties on the southern flank in the Mediterranean. Some of them caused by our own domestic situation, with which your Ambassador is no doubt fully familiar. No country can afford a weakening, extending over years, of its central authority without paying some price for it over the next years. But we are in the process of rectifying this, and if you separate the debate from the votes, you will see we have lately been winning on the votes in Congress, which is a reflection of public opinion.

We have improved the situation in Portugal and we hope that within the next four-six months we can solve or make major progress on the Turkish/Greek/Cyprus problem.

You are familiar with the situation in the Middle East. We believe that the Soviet Union has suffered a major setback, President Sadat is coming to Washington next week to continue the development of a common strategy. But here again it is an area where it is important for us to understand the relationship between strategy and tactics. We recognize that the best way to prevent hegemonistic desires in the Middle East is to bring about a permanent settlement. But we also realize that one cannot bring about a permanent settlement by rhetoric or by putting forward plans. Permanent settlement has a local component; it has an international component; and it has an American domestic component. Our problem is to synchronize these three aspects. We cannot master the local component unless we demonstrate the Soviet Union cannot bring about a conclusion. So that whenever the Soviet Union interferes, we have to go through a period of demonstrating its impotence. We also have to teach the Soviet clients in the Middle East that the only road to a settlement leads through Washington.

The second necessity we have is to get our domestic opinion used to a more even-handed policy between the Arabs and Israelis -- as Chairman Mao suggested when

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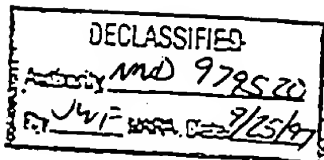
I saw him two years ago. Every previous comprehensive American effort has failed because of the inability to mobilize our domestic support. We now believe the objective conditions exist for a comprehensive settlement for the first time under American leadership. And we intend to move in that direction immediately after our elections.

In the meantime we will take interim steps to alleviate the situation. And in any event, no one else has any realistic alternatives. But it is our fixed policy to move towards a comprehensive settlement. The major danger now is Arab disunity exploited by the Soviet Union. And whatever influence other countries may have, especially on Syria, would be of great importance.

There are other issues: Japan, Southeast Asia, South Asia, and Korea. But we have several days to discuss them. I want to say one thing about Korea where we clearly have different views. We are not opposed to reunification and we are not opposed to a dialogue, but we are opposed to having separate talks with North Korea to the exclusion of South Korea. I would also like to say that it is possible that by forcing the pace of events too far, geopolitical realities could be created that are not always to the benefit of those who force the pace.

Let me say a word about our bilateral relations. On normalization, we have made clear our continuing commitment to the principles of the Shanghai Communique, and we will suggest to you some formulations in the communique which suggest some progress in that direction. We think it is important to show some vitality and forward movement in our bilateral relationship. We do not do this because we particularly care about the level of trade between the United States and China, and we believe also that China, having survived 2,000 years of its history without extensive contact with the

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United States, may manage to stagger on for many more years without extensive exchange between our various cultural troupes. We can even survive your favorite songs without revolution. But to us that is not the issue. To us the issue is how to be in the best position to resist hegemonial aspirations in the West as well as in the East. And if that is the case, it is important that we show some movement in our relationship. It is difficult to gain public support for what may have to be done if China is not an important element in American consciousness, and it cannot be unless there is some improvement in our bilateral relationship. This is entirely up to you. We have nothing very material to gain from it. But if there is an inequality in American public consciousness between relations with China and the Soviet Union, it is because nothing very substantial is happening in our relationship.

While I am here, Mr. Habib is prepared to meet with anybody you designate to discuss this relationship, if you are interested. It is up to you.

To sum up, we consider our relations with the People's Republic of China, as I have now said on two public occasions, a very significant element in our overall policy. It is that, because of our assessment of the world situation. It is that, because we believe it is important to maintain the overall situation against aspirations to hegemony. We are not doing it in order to be able to divide up the world in two with the Soviet Union -- an opportunity which has often been offered to us, and which we have always rejected because we would become the ultimate victim of such a procedure. We told you about the treaty that Brezhnev offered to the President in Vladivostok.

So we are bound to have our differences in ideology and in specific countries, but I also believe we have some important common interests and it is those common interests which have brought me here eight times, I believe, for more extensive visits than to any other

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country. There are many other points we will want to discuss. I am sure you want to discuss Japan. And I have already discussed Angola with your Foreign Minister, where we would find it helpful if Tanzania would release some of your arms that they are blocking. But we can discuss that during the course of my visit here. You will have noticed that as a former professor, I spoke exactly fifty minutes.

TENG: Are you finished?

KISSINGER: I have another fifty minutes at least, but I want to give you an opportunity first.

TENG: So, shall we first invite you to finish your speech and then we will give our opinion? You can go on to the next fifty minutes.

KISSINGER: No. I have substantially stated my overall views. There is one additional point I wish to make. You must not judge the mood of the United States by the atmosphere in Washington. And you must not judge the attitudes of America by the mood of the most unrepresentative Congress we have ever had. This last Congress was elected in the immediate aftermath of the resignation of President Nixon when those who had been for him were very demoralized. I have been traveling through the country systematically and I am certain that we will get wide support for the policy that I have described to you. Your Liaison Office may not see that (mood) in Washington. It is no reflection on your Liaison Office -- it is simply a reflection on Washington. This is all I want to say now and I will make more comments after I have heard from you.

TENG: I have listened carefully to the views and points regarding the international situation that the Doctor has given. There is a question I would like to ask. How much grain are you selling to the Soviet Union this year?

KISSINGER: (Laughter) Let me explain the grain policy. I was going to mention it later. In the past the Soviet Union has bought grain in emergencies from the United States. Given the organization of our economy, we have no technical way of preventing this. So in 1972 they bought 20 million

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tons of grain. In subsequent years they bought very little. That means when they bought grain they have had an extremely disruptive effect on our economy. Also, we have had the problem of how to use their need for grain in order to bring about policies that are compatible with our interest, and how to do this in an economy that has no technical means of preventing the sale and to prevent pressures on us from our own agricultural interests. I want to explain our thinking to you so that you can understand it. So what we did this year is the following: they have a very bad harvest. We sold them about 9.8 million tons of grain. We then brought about a stoppage of further sales by pressure on the private companies, which caused us enormous domestic difficulties. We used this period of stoppage to force the Soviet Union to ship a substantial part of the grain in American ships, at about double the world rate, and giving us an opportunity to control the rate of delivery. We then insisted on a long-term grain agreement which will probably be signed today or tomorrow.

TENG: The annual amount?

KISSINGER: About 6 million tons for five years.

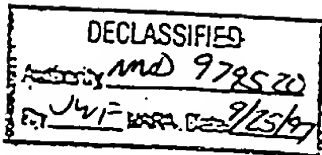
TENG: The total is 6 million?

KISSINGER: Annually 6 million tons. But the important point is that it forces them to buy when they don't need it, and it places a ceiling on what we have to sell when they are in an emergency.

TENG: Do you think that this massive buying of grain not only from the United States but also other quarters is only to fill their stomachs but also for strategic reserves?

KISSINGER: We believe that they have had a catastrophic crop this year. It is about 160 million tons, below the normal of about 225. At Helsinki Brezhnev asked to buy 15 million tons from us on top of the 9.8 million he had already bought, but we are only going to sell him about

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5 million more this year. All our information is that they will have to slaughter cattle this year to reduce their livestock because they are short of food grains to feed them.

TENG: May I ask another question? That is, how are the negotiations about sales of American modern equipment and technology to the Soviet Union coming along?

KISSINGER: What modern equipment and technology?

TENG: I believe you have constant communication with them on this.

KISSINGER: They have constant interest in modern equipment and technology. We are not selling a great deal at this moment. Nothing of any significance.

TENG: We have noticed that France has been engaging in negotiations with them for long-term agreements involving about 2.5 million Francs.

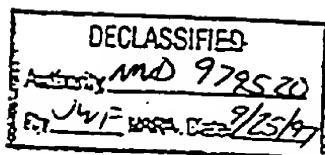
KISSINGER: While we have talked more than we have done in economic credits, the Europeans have done more than they have said. They have given altogether -- between the Federal Republic and France -- about \$7.5 billion in credit. We have given them about 500 million over years.

TENG: \$7 billion?

KISSINGER: Yes. We have used the prospect of technology to moderate their foreign policy conduct and we are trying to employ a strategy of keeping the Soviets dependent by not selling plans but parts to them. It is the folly of the European countries that they are selling plans. Unfortunately the small amount of U.S. credits has had the effect of throwing the business into the hands of the Europeans who have no strategy at all. For us it is not a business proposition. We are doing it for a strategic proposition.

TENG: We have seen from publications that the amount of such dealings between the United States and the Soviet Union seems to have exceeded that of the European and other countries.

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KISSINGER: That is totally incorrect. The amount of dealings we can control; that is, governmental credits, have been less than \$500 million. There may be another three or four hundred million of private credits. In any event, the things we can control we do in such a manner that they can always be shut off and that they do not have rapid completion dates.

TENG: May I ask another question? What is the Doctor's assessment of the consequences of the Helsinki Conference?

KISSINGER: I do not believe ... It is one point where I do not agree, where our assessments are totally different. We sometimes disagree on tactics. I do not agree the Helsinki Conference was a significant event. In America it has had no impact whatever and insofar as it is known in America, it is as a device to ask the Soviet Union to ease their control over Eastern Europe and over their own people.

In Western Europe if one looks at (specific) countries, it may have had some minor negative impact in a minority of countries. In France, Britain, and the Federal Republic it has had no impact. In Eastern Europe it is the countries like Yugoslavia, Romania and Poland which most want to be independent of the Soviet Union which have been the most active supporters of the Helsinki Conference. I do not think we should proclaim Soviet victories that do not exist. Our role in the European Security Conference, as I told you last year, was essentially passive. We do not believe it has had a major impact.

TENG: But we have noticed that those who have been most enthusiastic in proclaiming the so-called victories of the European Security Conference are first of all the Soviet Union and secondly the United States.

KISSINGER: No. First of all the Soviet Union and secondly our domestic opponents in the United States. The United States Government has not claimed any great achievements for the European Security Conference. The Soviet Union has ... must claim success since it pursued this policy for fifteen years.

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Our indications are that the Soviet Union may feel -- whatever they say publicly -- that they have miscalculated with respect to the European Security Conference. All they got from the West were general statements about matters that had already been settled in the past while we have obtained means of very specific pressures on matters of practical issues.

There were no unsettled frontiers in Europe. The Balkan frontiers were settled in 1946-47 in the peace conferences in Paris. The Eastern frontier of Poland was settled at Yalta. The Western frontier of Poland was recognized by both German states. There are no frontiers in Europe that are not recognized. Not all of our politicians know this but this is legally a fact.

TENG: So shall we call it a morning and continue this afternoon?

KISSINGER: Alright.

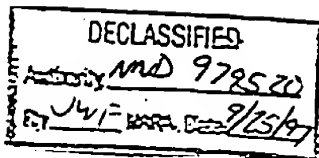
TENG: And we can give our opinions.

KISSINGER: Shall I give the communique to the Foreign Minister?

TENG: Alright. Perhaps you could explain it here.

KISSINGER: May I explain a few points? In the spirit of what I said earlier we expressed the most positive things which can be said which you may want to moderate. But leaving aside the rhetorical aspects of any communique there are three categories in our relationship which attract attention: one is what we say about hegemony; second is what we say about normalization; and the third is what we say about our bilateral relations. With respect to hegemony, what we say may help ease public opinion problems of some other countries, especially if we don't put it in the preamble. What we have attempted to do with respect to both hegemony and normalization is to go some steps beyond the Shanghai Communique.

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TENG: One moment please. (Teng leaves the room.)
You can continue. Please wait. Excuse us for a moment.

(Teng returns to the room.)

KISSINGER: We did the same with the bilateral things. Since we don't know your thinking we put in everything that could conceivably be put down but to us the primary significance is symbolic. One or two things on the bilateral things I would like to explain in a more restricted meeting as I explained to the Foreign Minister yesterday in the car. More restricted on our side. I do not care who participates on your side.

[Secretary hands Communique to the Foreign Minister. Attached.]

KISSINGER: Is two copies enough for you?

TENG: I think that is enough.

KISSINGER: The last time I gave the Foreign Minister a three page Communique, he came back with three lines.

(Laughter)

TENG: If what you want to discuss in a restricted group is what you mentioned to the Foreign Minister in the car, if it is of that nature, then as Chairman Mao has made our position very clear to you in his discussions before, especially in the visit of 1973, it is our view that perhaps such restrictive talks will not be necessary.

KISSINGER: It is up to you.

TENG: As for the Communique draft we will look it over and then we can further consult each other. I heard you have an idea you would like to ... that you want to go to the Palace Museum this afternoon with your wife. Perhaps we should begin later. At 4:00 p.m.

KISSINGER: Good.

TENG: So we shall agree upon meeting at 4:00 p.m. this afternoon. In this same room. Because this is very close to the Palace Museum.

KISSINGER: That's fine.

SECRET/SENSITIVE -